CUMMINGS ECONOMICS

38 Grafton St (PO Box 2148) CAIRNS Q 4870 ABN 99 734 489 175
Tel : 07 4031 2888 I Mobile : 0418 871 011
Email : cummings@cummings.net.au
Website : www.cummings.net.au

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COVID-19 IMPACTS MAKES REMOVING BOTTLENECKS TO FUTURE GROWTH MORE URGENT

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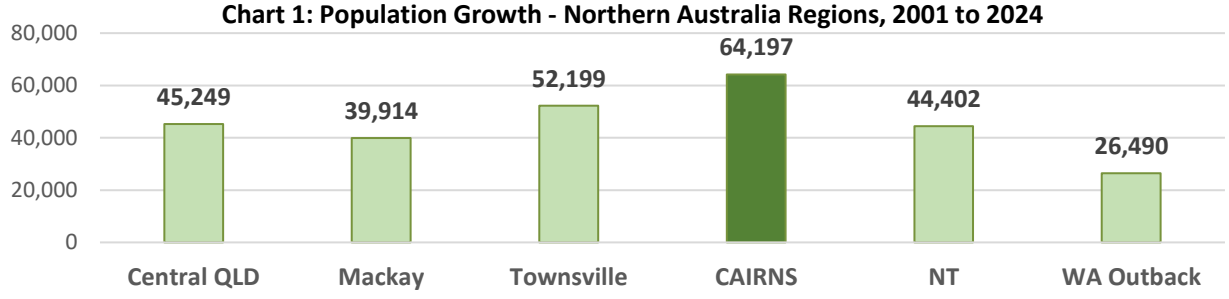
For a region such as ours, that was previously underdeveloped compared with its natural resource base, achieving development has largely been a matter of getting rid of infrastructure bottlenecks holding back private enterprise getting on with the job.

But the process of getting the often fairly large investment decisions needed from geographically remote governments that do not share in the region's confidence about its future has often been protracted and difficult.

However, the region can point to great success for the amount of dollars invested in the past. The Cairns/ Tropical North QLD (Peninsula Australia) region has led regional growth in northern Australia (see Chart 1).

Chart 1: Population Growth - Northern Australia Regions, 2001 to 2024



Source: Cummings Economics from Australian Bureau of Statistics (ABS) Estimated Residential Population.

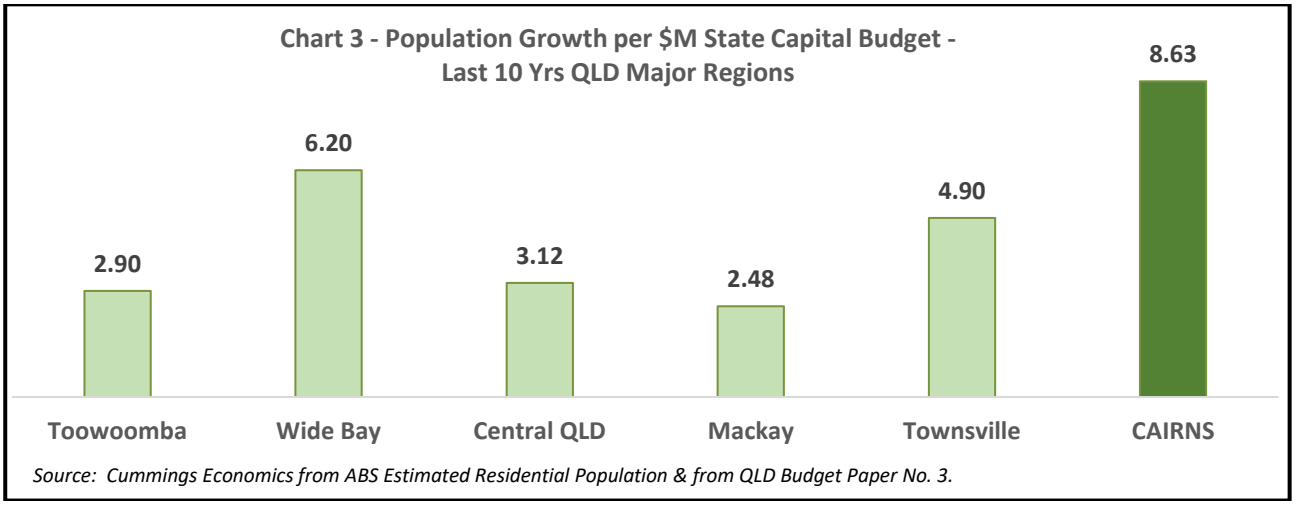
The Cairns/TNQ region has been a growth leader in all of regional Australia outside of the metropolitan and near metropolitan regions (see Table 2).

Table 2: Population Growth Top SA4 Regions Outside Metropolitan & Fringe Metropolitan Areas, 2001-2020

Top 10 Regions	Population Growth, 2001-2020
Australian Capital Territory (ACT)	109,842
Wide Bay (QLD)	74,545
Hunter Valley excl Newcastle (NSW)	66,803
CAIRNS (QLD)	**64,197**
Latrobe-Gippsland (VIC)	54,850
Bunbury (WA)	52,594
Townsville (QLD)	52,195
Central QLD (QLD)	45,249
Hobart (TAS)	41,431
Capital Region (NSW)	41,302

Source: Cummings Economics from Australian Bureau of Statistics data.

Over the past decade, the population growth achieved has outrun the state's poor capital expenditure by a large margin compared with other equivalent regions (see Chart 3).



The 'well springs' of the region's growth has been the region's capacity to use its massive underdeveloped biological resources to expand its earnings from outside the region through primary industries and domestic and international tourism along with expansion of income from mining.

In a modern economy, the flow-on from that growth in earnings has been major expansion of employment in the supporting service sectors, mainly located in the region's district urban centres and Cairns as the regional capital.

However, that growth has, increasingly, resulted in infrastructure bottlenecks that are impeding further growth. The need for urgent attention to these bottlenecks is being made imperative by the damage being done by the Covid-19 pandemic and international tensions to tourism, and a need to pivot the region's growth towards activities previously considered more peripheral.

The evidence of a failure to look forward and provide infrastructure investment before a crisis point is reached is all over the place.

Looming Water Bottlenecks

The first 'elephant in the room' relates to water. Compared with the rest of Australia, the region is superbly endowed with water runoff - 26% of Australia's total. But it tends to fall seasonally and investment is needed to capture and supply. The investment in Lake Morris in the 1960s has seen Cairns able to expand something like five times over in population. The $200m to now expand the water supply by drawing out of the Mulgrave is cheap compared to what State and Federal governments have spent on other cities' water supply and the Council is in a position to meet a substantial proportion of cost without undue burden on ratepayers. It should be 'open and shut' that the State and Federal governments come in and provide a substantial share of the funding.

The investment in Tinaroo dam in the 1950s is now supporting agricultural production of about $500m per annum, an amount that equals every year the cost of the dam's construction in current dollars. But the water is now fully allocated and additional storage capacity is needed to keep production expanding in the Tableland's area.

The investment in sealing the road from Mareeba to Lakeland in the 1970s & 1980s has resulted in major expansion of agriculture in that area but to keep expansion going, investment in further water supply capacity is needed.

The Range Road

The whole historic growth of Cairns and the regional economy was underpinned by the construction of the Kuranda Rail in the late 1800s, an investment that really paid off. But the railway line is now obsolete and the construction during the urgency of the Pacific War in 1942 of the current Kuranda Range Road has taken over the vital role of linking the largest hinterland population north of Brisbane with the coast (see Table 4).

Table 4: Comparative Traffic & Hinterland Populations Served

Western Connector Roads	Est Annual Traffic	Population Served
Kuranda Range Road (CAIRNS)	**3.2 million**	**78,000**
Flinders Highway (Townsville)	0.9 million	37,000
Nebo Road (Mackay)	1.5 million	46,000
Capricorn Highway (Rockhampton)	1.3 million	56,000

Source: Cummings Economics from Transport Main Roads (TMR) 2019.

The level of traffic at close to 9,000 a day, over 3 million movements a year, is now regularly peaking over design capacity. The volume weight and speed of modern heavy transports is in excess of the capacity of an ageing Barron River bridge. A major investment to cut distance and travel times between Cairns and Mareeba will reduce living and production costs of hinterland population and industry. But Cairns' population is outgrowing the capacity of its narrow coastal plain location. A highly efficient road route that is freight efficient and cuts travel time by up to 20 minutes is needed to "take the cork out of the bottle" to allow Cairns' population and industry to spread over the range.

Port and Rail Inefficiencies

While money was invested in the upgrade of Cairns seaport to take larger shipping, the job was only half done. The channel remains incapable of handling the Voyager class cruise ships and is far from being able to cater for container ships to allow expansion of horticultural product markets overseas in the future.

Volume of freight and the requirement of modern freight trains means that attention is needed to the railway line from Brisbane, especially from Townsville to Cairns. This line affects Cairns' competitive position as a supply point for shipping goods further north.

Lagging City Services

But the lack of infrastructure development is not confined to water and transport.

The region's growth to be the largest in population in the north, has not been matched by equivalent investment in higher education. The 2016 Census indicates that investment failings have been such that per capita employment in the higher education sector in Cairns was the lowest and about half the average of Australian cities of our size.

The region is now by far the highest in medical treatment needs outside the southeast corner. Investment in expanding Cairns hospital and funding it up to top tier level is lagging. The bottleneck implications are being played out in the region's hospitals and in the region's far-flung population every day.

It's a similar picture in relation to the cultural and sporting facilities – the failure of the State Government to invest in the Gallery Precinct and the lack of a square field stadium.

The picture is far from being satisfactory. The current and likely lingering effects of Covid-19 mean that the city and region can no longer afford to have its continuing economic success constrained by major infrastructure bottlenecks. We cannot afford to keep having decisions and investment constantly put off.